

Congress of the United States
Washington, DC 20515

October 4, 2022

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, D.C. 20500

The Honorable Charles Schumer
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
Washington, D.C. 20500

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, D.C. 20510

Dear Speaker Pelosi, Leader McCarthy, Leader Schumer, and Leader McConnell:

We thank you for your leadership in bringing our colleagues together to pass meaningful healthcare legislation in recent days. The past few years—especially with the unpredictable nature of the novel coronavirus disease—have placed an intense strain on our healthcare systems. Now we are facing a looming fiscal cliff as a result of sequestration cuts and a scheduled reimbursement reduction under the proposed Medicare Physician Fee Schedule for calendar year 2023, and its potential impact would ripple across the country. We are most concerned about healthcare systems located in and serving communities of color, as they serve as the safety net for many important healthcare services, including primary care and behavioral health services provided by physicians and their care teams. These systems historically have not received a fair share of resources and the social determinants of health weigh heavily on the communities they serve. Disparities in our healthcare system run deep, and the failure of Congress to act on this issue would disproportionately affect minority and underserved communities and result in dire consequences.

Even during normal times, these cuts would be challenging. However, coming on the heels of one of the worst public health crises we have seen in a generation, these cuts would undeniably threaten access to physician services, as health systems would inevitably have to make tough choices just to keep their doors open. Most safety net health systems already provide physician services at steep losses, and the disproportionate share of patients with public coverage or no coverage, and predetermined reimbursement rates prevent offsetting losses with higher rates.

These safety net health systems have already felt the burden of these cuts as of April 2022 as a result of Medicare sequestration, but if nothing is done, these systems will face even steeper financial penalties for treating Medicare patients beginning January 1, 2023.

- Since Fiscal Year (FY) 2013, Medicare payments have been subject to a two percent annual reduction as established by the Budget Control Act of 2011 (BCA). The BCA required certain reductions which, if not met, triggered mandatory sequestration starting in FY 2013. Subsequent pieces of legislation have suspended the sequestration reduction. During the pandemic, a temporary moratorium was put in place, and these sequestration cuts were paused through the end of 2021. Congress passed additional legislation, which extended the suspension of Medicare sequestration until March 31, 2022, preventing

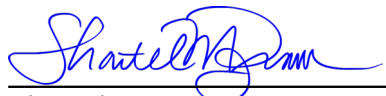
automatic two percent payment reductions for hospitals. The Medicare sequestration increased to one percent on April 1, 2022, and returned to two percent on July 1, 2022. These reductions are scheduled to continue through FY 2031.

- Under the Statutory Pay-As-You-Go Act of 2010 (Statutory PAYGO), Medicare cuts are capped at four percent. Congress passed legislation that deferred the effects of Statutory PAYGO, including the four percent cut to Medicare, from 2022 to 2023. The American Rescue Plan triggers the four percent Statutory PAYGO sequester in Medicare starting next year. Never before has Congress failed to waive or defer the Statutory PAYGO sequester, and in a time when hospitals around the country are operating on razor-thin margins, this is not the time for reductions in Medicare payments to providers.
- The Centers for Medicare & Medicaid Services (CMS) estimates the calendar year 2023 Physician Fee Schedule conversion factor to decrease to approximately \$33.08, which reflects the budget neutrality adjustment requirement, the zero percent update adjustment factor, and the expiration of the three percent increase for services furnished in calendar year 2022, as provided in the Consolidated Appropriations Act, 2021. By comparison, the calendar year 2022 conversion factor is approximately \$34.61. This equals about a 4.4 percent decrease from the calendar year 2022. Without action from Congress, the payment reduction will go into effect on January 1, 2023.

If no action is taken by Congress, the average payment for physician services under the Medicare program would be cut by more than 10 percent next year. In fact, many services will experience reductions closer to 15 percent per more targeted policies included in the proposed CMS Medicare Physician Fee Schedule for the calendar year 2023. Cuts of this magnitude would pull hundreds of millions out of the safety net healthcare system in the United States and threaten access to physician services for the most vulnerable patients and communities.

To that end, we respectfully request you prioritize action to avert the fiscal cliff and ensure we support our dedicated Medicare physicians.

Sincerely,



Shontel M. Brown
Member of Congress



Adriano Espaillat
Member of Congress



Troy Carter
Member of Congress



Eleanor Holmes Norton
Member of Congress



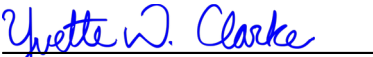
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Madeleine Dean
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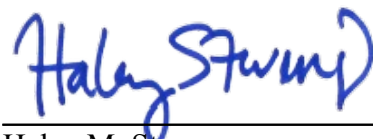
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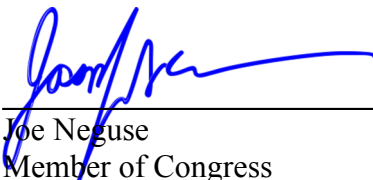
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Cheri Bustos
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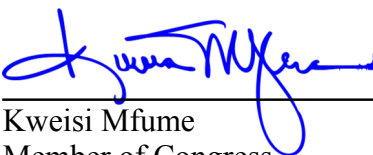
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Joe Neguse
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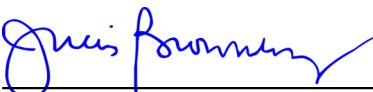
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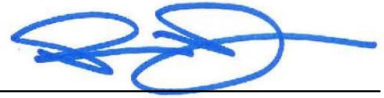
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